

MAINE GAMBLING CONTROL BOARD

February 17, 2015

09:00 – 11:00

45 Commerce Drive Suite 3

Augusta, Maine 04333

Meeting opened at 9:00 am

Board members present: Tim Doyle, Chair; Barbara Dresser; Joe Laliberte; Bob Harmon

Staff present: Office Specialist I Janine Collins, Auditor Donald Berrie, Inspector Supervisor Vicki Gardner, Executive Director Patrick Fleming.

Legal counsel present: Assistant Attorney General Lauren LaRochelle

Introductions:

The Board introduced themselves followed by introductions of the staff and counsel by Executive Director Fleming.

Review of the minutes 01/20/2015

Motion to accept the minutes as presented: Joe Laliberte, Board Member

Seconded: Barbara Dresser, Board Member

Vote: Unanimous

Executive Director Report

Legislature – At the last Board meeting the Executive Director advised that he was going before the Veterans and Legal Affairs Committee to give them a briefing on the duties of the Board and how the casinos in Maine are regulated. The presentation went very well with only a few questions at the end. The focus of one line of questioning was what impact a new casino would have on the work of the Board. He explained that the regulatory process is in place with the current statutes and rules so any expansion of gambling would involve the expansion of our office in order to properly regulate whatever number of casinos is decided on.

He was also asked to appear in front of the Criminal Justice Committee as an introduction to the Department of Public Safety. He kept my remarks brief as we do not appear in front of that committee but he also wanted them to know what is done here. He was also asked after his presentation in this committee what an expansion of gambling would mean to the Board. He gave the same answer as he gave to VLA.

The Executive Director provided a copy of a list of proposed bills related to gaming. Many of them have been proposed before. There are several that appear to want to change the cascade for other uses.

LR 244 Rep. Bear of Houlton Band of Maliseet Indians

Title: An Act to Provide for the Licensing of a Casino Owned by the Maliseet Tribal Government on Tribal Lands in Aroostook County

LR 298 Sen. Patrick of Oxford

Title: An Act to Increase Gaming Opportunities for Charitable Veterans' Organizations

LR 410 Rep. Russell of Portland

Title: An Act to Establish the Comprehensive Gaming Act

LR 642 Sen. Valentino of York

Title: An Act to Stimulate Economic Development and Create Jobs by Amending the Laws Governing Gaming

LR 662 Rep. Mitchell of Penobscot Nation

Title: An Act to Permit the Penobscot Nation To Operate Electronic High-stakes Bingo

LR 664 Rep. Mitchell of Penobscot Nation

Title: An Act to Reduce the Annual High-stakes Beano Fee from \$50,000 to \$12,500

LR 689 Rep. Picchiotti of Fairfield

Title: An Act to Allow Veterans' Organizations To Own Slot Machines

LR 969 Sen. Gerzofsky of Cumberland

Title: An Act to Create a Dedicated Funding Source to Support Maine's Veterans

LR 1249 Rep. McCabe of Skowhegan

Title: An Act to Expand Gaming in Southern Maine

LR 1272 Rep. Ward of Holden

Title: An Act to Allow for Cribbage Super Tournaments and Tournaments by Nonprofit Charitable Organizations

LR 1432 Rep. Kinney of Limington

Title: An Act to Implement the Findings of the WhiteSand Gaming Study

LR 1545 Rep. Peterson of Rumford

Title: An Act to Ensure Appropriate Distribution and Utilization of Public Proceeds from the Operation of Maine's Casinos.

LR 1572 Rep. Perry of Arundel

Title: An Act to Provide Income Tax Relief by Expanding Gaming Opportunities

LR 1589 Rep. Bear of Houlton Band of Maliseet Indians

Title: An Act to Distribute a Portion of Proceeds from the Oxford Casino to the Houlton Band of Maliseet Indians and the Aroostook Band of Micmacs

LR 1663 Rep. Luchini of Ellsworth

Title: An Act to Amend Laws Governing Slot Machine and Table Games Revenue

LR 1697 Sen. Brakey of Androscoggin

Title: An Act to Ensure Fairness in Gaming

Only two bills on this list have been drafted so far. One will reduce the annual fee for High Stakes BINGO and the other will allow veterans organizations to have slot machines. The slot machine bill has been proposed before but has been scaled back in this version. It would allow eligible organizations no more than three machines and a maximum of 80 machines statewide in the first year and 150 machines total after that. There are some differences from our normal licensing process for casinos regarding fees and what employees will get licensed. Neither bill has been scheduled for public hearing yet.

KENO – The Executive Director attended a meeting last week that involved the Director and Deputy Director of the Bureau of Alcohol and Lottery Operations and they advised that the lottery will be coming out with a KENO game starting in May. The KENO game will be marketed to restaurants and bars and will involve patrons picking ten numbers and twenty numbers will be drawn and prizes will be awarded based on numbers matched. This is a relatively fast paced game with drawings every eight minutes and there are multiple wagers that can be placed. There are currently 15 other states that offer KENO and Massachusetts is the largest in terms of sales.

Personnel – The Executive Director advised the Board at the last meeting that we had to fill an inspector position. We have completed interviews and an offer has been made for that vacancy. When we have an opening it leaves a big hole in the schedule as we only have enough inspectors to cover the regular shifts. Supervisor Gardner has been working diligently to keep up with filling the shifts and the other inspectors and Detective Armstrong have stepped up to make sure they are all filled.

Snow days – this has been a tough couple of weeks for the casinos due to snow. Both casinos ended up closing for the storm that occurred the last week in January. The Executive Director believes the right decisions were made for the safety of the patrons and the employees to shut down. Our inspectors were ready to report to work if needed but the closures allowed them to remain safely at home and try to get stay ahead of the snow so they could report when the casinos reopened.

BMM – The Executive Director had a meeting with two representatives from a company called BMM Test Labs, an independent gaming test lab for slot machines. We currently have a contract with Gaming Labs International (GLI) to do our testing. BMM has a large presence in gaming jurisdictions outside of the United States and has been working in the last few years to get recognized in North America. They are currently recognized in 270 jurisdictions in North America. BMM would like to be recognized in Maine so they can offer their services to the slot manufacturers that distribute in Maine. The Executive Director checked with the Bureau of Purchases on how our contract works with GLI because it is a no cost contract and he was told that we do not have to do an RFP and can have multiple contracts if warranted. The representatives of BMM would like to come to the next meeting to make a presentation on their company and what they can offer the state for services if that is what the Board wants.

IAGR – As you know the Executive Director tries to find resources and training to keep up on what is happening in the gambling industry. He has found that the International Association of Gaming Regulators has a lot of resources and opportunities for information on the industry. He is considering joining the association in order to have access to the member section of their website as well as get on the mailing list for training and updates. The cost is \$800 per year but that is for up to five people per jurisdiction. If the board thinks it is a good idea he can join and add any board members who want to or staff if necessary.

GCA – The Executive Director is planning on presenting the license application for Global Cash Access at the next board meeting for a gambling services vendor's license. They currently do business in Maine offering ATM machines but they want to expand their product line they can offer to Maine's casinos.

Audit program

You have already received reports showing revenue data for January 2015. Once again, weather has played a key role in revenue performance and I expect this to continue through February.

The January report shows tax revenue of \$3,371,000 for the month; a decrease of \$223,000, or 6% from January 2014. These results carry through for calendar year-to-date and the first calendar quarter of 2015.

The revenue trend chart you received depicts January revenue for 2013, 2014 and 2015. You will also note that the revenue trend continues constant, with peak revenues in July and August, tapering off from September through February and increasing from March through June.

The distribution of tax revenues is available on the "Revenue Totals" tab of the Gambling Control Board web site.

Slot machine hold compliance is calculated on a quarterly basis. I will report on quarter 1 compliance after March 31, 2015.

Since the last board meeting, Auditor Tobey and I have finished tabulating the results of our Hollywood Table Games Component Testing. A summary of our activities has already been distributed to you. Auditor Tobey

and I will commence the table game component at Oxford Casino by interviewing relevant casino personnel later this week. Once again, we thank the staff at both casinos for their helpfulness and cooperation throughout this process.

State Police Update: Executive Director Fleming for Detective Don Armstrong

Busy with licensing GCA just got the last one finished. 49 renewals 17 new application.

Unfinished Business: None

New Business: Annual Report

The Executive Director presented the annual report, which is required pursuant to 8 M.R.S.

§ 1003(2)(R). Following a discussion on revenue and allocation, the Board requested that the Executive Director prepare a presentation on the cascade for the April 2015 meeting.

Motion to submit to with change to add the vacant board seat. Joe Laliberte

Seconded: Bob Harmon

Vote: Unanimous

Public Comment: Jose Flores, Hollywood Casino: The weather has had an adverse effect on the Casino, but Executive Director Fleming has been available and responsive when the casino has had to make decisions about shutting down. .

Motion: to adjourn Joe Laliberte

Second: Bob Harmon

Vote: Unanimous

Meeting Adjourned: 9:40

Next meeting is March 17, 2015 @9am @ 45 Commerce Drive Suite 3 Augusta, Maine 04330

Respectfully submitted Janine Collins Office Specialist II